A Modest Proposal To Totally Eliminate Most Card Fraud

Some time ago the card details of a prominent politician were stolen and used to access a website containing images of underage girls. This might have led to his being sorely embarrassed or even arrested if he hadn't been both so prominent and a person who is well known to have no carnal interest in females of any age.

While the legal authorities have considerable problems in shutting down web-sites of this nature and arresting the purveyors of such material, the policing of purchases from legal websites, and businesses, is considerably easier. The banks can detect when deposits are made to gaming sites by Visa and similar cards, and before money can be withdrawn by other means – cheque for example – the same amount must be withdrawn on the original card.

There are also mechanisms in place which detect unusual transactions; two or three purchases of several hundred pounds on a card that is normally used only for household shopping is likely to result in the account being temporarily blocked. Even so, fraudsters steal countless millions every year with near total impunity using stolen bank details and cloned cards, both on-line and in the real world. But there are ways to reduce this toll significantly.

The first and easiest way is by issuing separate cards for on-line and real world purchases, so that a card stolen from a shopper cannot be used for currency transactions, and a cloned card using bank details from a hacked website cannot be used in the local off-licence.

An alternative or additional method is for all websites and on-line merchants to be electronically tagged in the same manner as gaming sites, and for banks to re-quire customers to fill in a short questionnaire before they are issued with a card. This questionnaire would be linked to a three digit security number on the card. A specimen might read something like this:

Will this card ever be used for on-line purchases?
Will this card ever be used to access gaming sites?
Will this card ever be used for currency transactions?
Will this card ever be used to purchase alcohol?
Will this card ever be used for purchases from adult sites?
Will this card ever be used for purchases of goods to be delivered outside the UK?

If the security number indicates the card is invalid for that particular purchase, it will be rejected immediately.

Additionally, the card could be linked to a specific telephone number, a specific e-mail address or even to a specific computer, so that purchases over a certain amount would trigger a confirmation phone call or e-mail. This technology is already available, e-gold for example has had such a system in place for many years. When a log-in attempt is made from a different point-of-presence on the network, the account holder receives an on-screen message to the effect that an electronic PIN has been despatched to his registered e-mail address which must be retrieved within fifteen minutes.

The point-of-presence of any fraudulent log-ins can be recorded, and indeed gaming sites can and do block access from computers (usually in Internet Cafés) which have "issues" with their software – a euphemism for fraudulent activity.

One further means of reducing fraud is to issue cards which are valid for specific purchases only, such as fuel, something haulage companies have been doing for years.

The above proposals were recently submitted to the Treasury by a Conservative MP; if all or any are instituted, either voluntarily or by statute, they will surely lead to a dramatic reduction in card fraud across the board.

https://www.financialreform.info/f_r_eliminate_card_fraud.html